Previous references.

1906-7
(Bankg

File No. 2 of 05

Serial Nos.

Later references.

3 Aug. 98 ss 1-3 Banks 6-cd

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 22 & 24 to 26

Part B. for Konnur

SUBJECT.

Modifying the form of the document to be executed by the members of the Sakleshpur and Chikmagalur Coffee Banks in G.O No H 5286-9 dated 1st March 1906.

B. 2-05-17

22 From the Deputy Commissioner, Kadur District
No: 794 dated 12.5.06
Submits an application received from the members of the late Agl Bank at Chikmagalur praying for the elimination of clause 10 from the prescribed form of bond to be obtained from them under G.O No: H 5286-9/B 2-05-17 dated the 1st March 1906.

24 To the Deputy Commissioner, Hassan Dist
G. R. S. 58 No: H 8740 Dy 23.6.06
Forwards Copy of the above letter with its enclosures, in original, and requests to

to be favoured with his opinion
in the matter.

25 From the Deputy Commissioner, Hassan Dt:
No: 3/Agl B Dy 16.7.06
Submits his opinion in the matter
of the modifications proposed
in the form of the bond to be
obtained from the members
of the late Agl Banks at
Chikmagalur and Saklespur

26 To the Revenue Commissioner
" Deputy Com^r Hassan
" do -- Kadur
" Comptroller
No: H 3902-5/B 2 05-26 Dy 27.11.06
Modifies certain clauses in the
form of document to be executed
by the individual members of
the late Agl Banks at Chikmagalur
and Saklespur revised in G. O. No:
H 5286-9 | B 2-05-17 Dy 1.3.06

G. R. S. 11] 1905-6.

GENERAL AND REVENUE SECRETARIAT.

(Banking)

NOTES.

File No. 2-05

FILE HEADING.

Recovery of the amount due from the members of the late Agl: Bank at Chikmagalur.

From

The Dy Comr, Kadur at —

No. 794 Dated 12.5.06 Received 18.5.06.

Diary No. 4845	Enclos. 3	Spare Copies.	Serial No. 22

BRIEF ABSTRACT OF LETTER. (Banking 20)

Submits an application received from the members of the late Agl: Bank at Chikmagalur praying for the elimination of clause 10 from the prescribed form of bond to be obtained from them under Go. Rt. No. H: 5286-9/B2-05-17 dated 1.3.06.

NOTES AND ORDERS.

The Agl. Bank at Chikmagalur was wound up under the orders of Govt. issued in January 1905, wherein the individual liability of the members was ordered to be substituted in lieu of their joint liability to repay the loan made by Govt. In their Go. No. H: 5286-9 dated 1.3.06, Govt. prescribed a form of the bond to be obtained

B2-05-17

Notes—First sheet.

MGCPB—30,000—17 2-05.

G.R.S. 12]
General and Revenue
Secretariat.

File No. 2 of 1905

Serial No.

from each of the members for the amount due to the Bank. Clause 10 of the said bond runs as follows: -

"And I further bind myself that the "Govt. may, whenever they see fit to do so, "enter upon possession & make such "arrangements as to them may seem proper "for the management of the properties & the "realization of the produce thereof without pre- "judice to their right to proceed to recover "the sums due to them under the provisions "of (X) Regl. VI of 1868."

(X) i.e as arrears of land Revenue.

2) The Govt thinks that Clause 10 is un- necessary, in so far as in Clause 8 there is a proviso by which Govt is enabled to adopt any other remedies for the recovery of the sums due to Govt. But if the Govt should however wish to retain the Clause as indicating explicitly the line of action Govt may adopt whenever they may see fit to do so, the Govt would suggest the insertion of the words "in case the estate is mismanaged or the annual instalment not paid" after the words "to do so". The Clause, as it is, represent the petitioners, has the effect of preventing any money- lender to grant loans for working expenses

NOTE—Contn. sheet

GPI—50,000—23-10-05

G.R.S. 12J
General and Revenue
Secretariat.

Jmisc. 199.

File No. 2 of 1905

Serial No.

2nd prayer.

3) The members further request that Clause 11 may be modified so as to allow them to deal freely with the standing crop for one year, provided the annual instalment for the previous year has been paid. The D.C. recommends that the said Clause may be modified as prayed for.
Submitted for orders.

K.S.
25/5/06.

mr 29/5

To Branch iii for favour of opinion on the alterations proposed in the form of the bond.

mrule 28/5/06

I would suggest the letter of the Dy Commr with enclosures, being sent to the Deputy Commr, Hassan for an early expression of his opinion.

28.5.06

Please put up a draft accordingly

mrule 28/5/06

Draft submitted accordingly, for Secy

K.S.
29/5/06.

mrule 30/5/06

mr

Issue mrule 30/5/06.

24 To The Dy. Commissioner - Hassan District
No. H. 8740 of 23-6-06

Note—Contn. sheet

GPB—50,000—23-10-05

G.R.S. 12]
General and Revenue
Secretariat.

File No. 2 of 1905

Serial No.

Forwards copy of the above letter with its enclosures, in original, and requests to be favored with his opinion in the matter.

25 From - The Dy. Commissioner - Hassan District
No. 3/agb of 16-7-06

Submits his opinion in the matter of the modifications proposed in the form of the bond to be obtained from the members of the Co-operative Agricultural Banks at Chikmagalur and Sakleshpur.

The Dy. Comr. is of opinion that it is quite necessary to retain Clause 10 in addition to Clause 8.

As regards the modification of Clause 11 he suggests that the only remedy for all such complications is to prohibit the Estate owners from raising loans elsewhere than from govt. in the shape of advances for working Expenses on crop hypothecations

As regards the date within which the annual instalments due should be made payable he suggests that at the End of Clause 7 of the bond the following words be added

"the said annual instalments being payable within the 30th June of each year".

To Branch III in favour of opinion. mm 21.7.06

Subd. BK 20/7/06

mm 21/7

Regd 24-7-06.

Subd for orders vide G.O. no. Fl 5286-9-B2-05-17 B1.3.06

CRD 24-7-06

J. Nio 28.

Note—Contn. sheet

1,000—23-10-05

Serial No.

I am not clear on what point the Judicial Dept is asked to record an opinion. ~~The question is what concessions~~ the members pray for, and the Deputy Comr of Kadur recommends, certain relaxation of the terms of the bond to be executed — the effect of which would be to restrict the rights of Govt. in certain respects. Whether Govt. can safely ~~is prepared to~~ make the concessions asked for is purely a "Financial" matter: after this is settled the wording of the form of agreement may if considered necessary be examined in the Judicial Branch with a view to see that the documents are in proper form and ensure the safety of Govt. interests.

I may say here that the word "remedies" occurring in clause 8 does not include the power reserved under clause 10 to take over under Govt. management. "Remedies" are only legal remedies — those authorised by law, and not by contract. The question whether taking over an estate under Govt. management is to be done only in case of default in payment of the annual instalment

Note—Contn. sheet

GPB—50,000—23-10-05

G.R.S. 12]
General and Revenue Secretariat.

File No. 2 of 190 5

Serial No.

or of mismanagement (as well as the other questions involved) is, as already stated one for examination in the Financial Branch. If it is decided that Govt. should take over an estate under its management and in case of mismanagement or default, clause 10 can conveniently be added to clause 8.

Bearing
4-8-06

Submitted
MS 7/8

1. The opinion of Br.iii was asked as to whether the proposed alterations in the form of the bond would affect the interests of Government.

2. The prayers of the petitioners are 3:-

i. The elimination of cl.10.

ii. The modification of cl.11 so that they may have power to hypothecate their crops for borrowing money for working expenses.

iii. The fixing of 30th June of each year as the date for the payment of the instalments.

3. The Deputy Commissioner of Kadur recommends the grant of the 1st prayer and his reason for making this recommendation is that as cl.8 enables Govt. to adopt any other remedies for the recovery of the sums due to Govt., cl.10 is unnecessary. This reasoning is not clear. If. cl.8 gives to the

NOTE—Contn. sheet

GPB—50,000—23-10-05

Serial No.

Govt. the power which cl.10 is intended to do, the elimination of the latter and the retention of the former will not matter much and there is no necessity to insist upon the removal of cl.10. If on the other hand, cl.10 is intended as it seems to be to give Govt. an additional power to secure their interests it does not seem safe to accede to the request of the petitioners to eliminate the clause. The addition of the proviso "in case the estate is mismanaged or the annual instalment is not paid" suggested by Mr. Chengiah Chetty does not seem necessary or desirable as the Govt. will not enter upon possession and make arrangements for the management of the properties unless there is necessity for resorting to this step and it seems desirable to reserve to the Govt. the power to decide when their intervention in the management of the property is necessary, by using the expression "whenever they see fit to do so" instead of attempting to specify the particular circumstances in which Govt. will exercise the right given by cl.10 as suggested by Mr. Chengiah Chetty. The fear of the petitioners that under this clause Govt. would "enter upon and take possession even if all the instalments are paid and the property well cultivated" is unfounded. "Mismanagement" is not sufficiently definite and the modification of cl.10 proposed by Mr. Chengiah Chetty may give rise to difficulties. Mr. Pilkington does not consider this clause as unreasonable and says that it does not affect the borrowing power of the estate owners. The Dy. Commr. of Hassan considers it quite necessary to retain this clause.

(Please see note of the Under-Secy. supra.)

Note—Contn. sheet

GPB—50,000—23-10-05

G.R.S. 121
General and Revenue Secretariat.

File No. 2 of 190 5·

Serial No.

4. As regards the 2nd prayer Mr. Chengiah Chetty recommends that cl.11 may be so modified as to allow the estate owners to deal freely with the standing crop for one year provided the annual instalment for the previous year has been paid. The complaint that this clause prevents them from obtaining a loan elsewhere on the security of the crop seems, however, to be real, but as long as Govt., advance, as they have been now doing, the working expenses, no difficulty would be felt by the estate owners in this respect. It is to the interest of Government that the estates should be well managed and made to yield every year, so that the owners may repay what they owe to Govt. It is only when the Govt. do not advance working expenses and the owners have to borrow elsewhere that cl.11 may be felt as a hardship but if the estate is capable of paying & it is worth while cultivating it and other circumstances justify the grant of working expenses, Govt. is not likely to withhold this assistance. Both Mr. Wetherall & Mr. Pilkington are not for the modification recommended by Mr. Chengiah Chetty but propose that Govt. may give an assurance that they will not assert their right to the standing crop under this clause. The conveyance of an assurance of this kind would be only when Govt. have not themselves made advances of working expenses and the owner is obliged to borrow elsewhere. In a case of this kind there seems to be no objection to give such an assurance in individual cases, the circumstances of which justify the temporary relaxation of cl.11 and the local authorities recommend such relaxation.

5. As regards the 3rd prayer the addition to cl.7 proposed by the Deputy Commissioner of Hassan

Note—Contn. sheet

GPB—50,000—23 10-05

Serial No.

in para 4 of his letter may be made.

Subd to Secy
mmb
11-10

I agree with the Asst Secy. Please draft an order on the above lines -
MG 11/10

Subd - with a draft - to Secy
BK 15/8/06
mmb 23.8.06
MG 17/8

Under the orders about to issue regarding the enhanced powers of the Revenue Executive officers will be given powers of supervision & inspection over appeals thereby. Wait till the orders issue, & then refer to Rev Comr inviting for opinion as to whether the draft proposed may be issued

17-8-06

No 76 39 & 15-9 forwarded to the Revenue Commissioner Encl: as per list ab for favour of opinion -

D.O.
for Member Finance
14/8/06 for Secy

Please see note
opposite
7-10-06

GPB—50,000—23-10-05

B. F 25/4/05-06

U. O. No.22.

I am generally in accord with the Office Note dated 11th August 1906. In addition to the reasons given in para 3 of the Note in support of the retention of clause 10 of the agreement, I may add that a contingency not provided for in para 8 may arise, when it may become necessary to claim the full amount due or to enter upon possession of the mortgaged property, as for instance, when the property or portions of it may deteriorate in spite of proper endeavours on the part of the owner to duly maintain and keep it up, and render it necessary for the Government to realise the debt. I would therefore suggest that in para 8 an additional clause may be added to the following effect:-

> "or in the event of circumstances rendering it necessary in the interests of the Government as mortgagee (or hypothecatee) to foreclose the mortgage and take possession of the property,"

between the words "schedule" and "the whole of the said sum".

2. If this were done it would be unnecessary to retain clause 10.

3. If this suggestion be not adopted it is certainly necessary to retain clause 10. But as there is an apparent technical inconsistency between clauses 8 & 10 as they now stand, I would suggest the addition of the following words at the end of clause 8:- .

> " under ~~xxx~~ clause 10 <u>infra</u> or otherwise",

or the addition of the words,

> "without prejudice to the remedies open to them under clause 8 supra"

after the words 'the Government may' in the first line of clause

B.F. 2995-96

clause 10.

4. As regards the second relief asked for by modifications of clause 11, I think there is force in the representation of the owners . The assurance proposed by Messrs: Pilkington and Wetherall may not have in the eyes of the Banking Companies sufficient legal validity and it is better to give express power to the owners to borrow money for the annual upkeep of the properties on the security of the year's crop, subject of course to the conditions that there is no arrear in the instalments due, that the advances which the Government might have made towards the year's working expenses shall have a prior lien and that the Government shall not be debarred thereby from enforcing the remedies provided under clauses 8 & 10. To give effect to these conditions it may be necessary to stipulate that the Banking Cpmpanies should only advance moneys after giving due notice to the Deputy Commissioner on behalf of Government.

5. The suggestion made in para 5 of the Note should be adopted.

6. In conclusion I have only to observe that under the Proceedings of 1st March 1906 the Government do not evidently contemplate charging of interest for the arrears of interest already accrued. It is desirable to prescribe in what manner the instalments as regards the interests should be fixed and how any partial payments realised should be applied towards the arrears of principal and interest severally.

7. It is also necessary to say definitely whether interest shall be chargeable on the instalments on account of old arrears of interest after due date as well as on interest due on instalments of principal.

8. I would also invite the attention of Government to cl. 3 of the last para of the said Government Proceedings requiring that the alterations should be approved by the

Government

B.7. 20/05-06

Government Advocate.

Camp Mysore
7-10-1906.

Revenue Commissioner.

Submitted.
BK
11/10/06.

No. H 640, 13-10-06. Forwarded to the Govt Advocate
Enc: as per list for favour of opinion on the
below proposed alterations in the form of
the document.

BO.
13-10-6

No. 5/06/7

11
20/10/06

I am of opinion that it is advisable to retain clause 10 of the draft bond. In order to remove the fears entertained that the Govt may arbitrarily take possession of the hypothecated property and also to avoid the technical inconsistency pointed out by the Revenue Comnr. I suggest that for the words "whenever they" in para 10 of the draft bond, see fit to do so" the following may be substituted:- "when the whole amount

Serial No.

amount has become due under clause 8 above or when in the opinion of Govt the hypothecated property has deteriorated so as to affect the sufficiency as security for the amount due".

2. I am also of opinion that the modification of clause 11 as prayed for will be prejudicial to the interests of Govt and may give room for future complications.

3. The third prayer for making the instalments payable on or before the 30th June of each year, is harmless and may be granted.

S. Narayanarao

18th Oct. 1906. Govt Advr:

Submitted. to the Secretary for orders.

BK 20/10/06. 18 26/10.

mrj 27/10.

I prefer the modification suggested by the Govt Advocate to those proposed by the Revd Commr. The Rajah might please see my pencil note on the margin against para 6 of the Revd Commr's note. I should like to have the Govt Advocate's remarks on the point. 1-11-06

Submitted with a revised draft for Secy

BK 2/11/06

mrj 3/11

Note—Contn. sheet

GPB—50,000—23 10-05

Serial No.

As observed by the Rev Comm^r it does not seem to be the intention of Govt to levy interest on the interest already accrued. Instruction no 4 (para 5 of G.O. dt 1.3.06) contemplates the calculation of future interest on the "principal sum" but not on arrears of interest also.

As regards "in what manner the instalments ~~as reg~~ of interest shd be fixed" the same period as for the repayment of the principal may be allowed for the payment of the arrears of interest also. The period prescribed is 20 years.

"How any partial payments realised shd be applied towards the arrears of principal & interest" is the 3rd point raised by the Rev Comm^r. The general rule of crediting all payments towards overdue interest first and then crediting the balance towards the principal of the loan may be followed.

In para 7 of his note the Rev Comm^r ~~Enquires~~ states that it is necessary to say whether interest shall be chargable on the instalments

GPB—50,000—23-10-05

Serial No.

on account of the arrears of interest after due date as well as on interest due on instalments of principal." Interest on interest is not generally levied.

As regard interest on instalments of principal, it may be stated that the instalments calculated in accordance with Table E annexed to the Land Improvement Loans (vide para 5 Clause 5 of G.O. 9/1-3-06) include interest. This arrangement presupposes punctual payment of the instalments and if any instalment is not punctually paid the fixed instalments will not in the end discharge the loan. If the fixed instalments are not paid punctually such additional amounts as will be necessary to repay the whole loan with interest will have to be paid before the debtor can obtain a complete discharge.

There seems to be little use in burdening the debtors with further obligations by the imposition of penal or

Note—Contn. sheet

GPB—50,000—23-10-05

Serial No.

or Compound interest on overdue instalments when they are not in a position to pay even the amounts already due by them.

Minute
5-11-06

The draft may now be submitted to the Dewan for a/pl — 7/11/06

2802
8.11.06

The Dewan thinks it undesirable that the views of individual officers about the concessions asked for, should be set forth in the order. The revised draft ~~if~~ put up may be ~~approved~~ issued

BO
C&B
17/11/06

Issue Minute
9/11/06

26 To The Rev. Lour, Dy. Lours Kadur and Hassan Dts and Proprietor
No. H 3902-5/B 2-05-26 of 27-11-06

Modifies certain clauses in the form of document to be Executed by the individual members of the late Agri-cultural Banks at Chikmagalur and Sakleshpur revised in G.O. No. H 5286-9/B.2-05-17 of 1st March 1906.

Note—Contn. sheet

GPB—50,000—23 10·05

11
Dwell 18/5
1906

D. 4

From

The Offg Deputy Commissioner
Kadua District

To

The Secretary to Govt
Genl & Rev Depts

Dated 12th

Despatched 15th May 06

Received

General No. 794
No.

Enclosure No. 3

Submitting application signed by the members the late Chikmagalur - Agricultural Bank praying the elimination of Clause 7 for the release of their crop &c.

No.

From,

M. Chengiah Chetty,Esq.,B.A.,

Deputy Commisioner,

Kadur District.

To,

B.K. Venkata Varada Iengar,Esq.,

Secy. to the Government of Mysore,

Gen. and Rev. Departments.

Dated,Chikmaglur,12th May,1906.

Sir,

Referring to the form of bond to be obtained from the members of the late Chikmaglur Agricultural Bank,appended to G.O.No.Fl 5286-9/B.2-05-17,dated the 1st March,1906,I have the honour to submit herewith an application,dated the 26th March,1906,signed by 8 members, praying for the elimination of clause 10 thereform,and for the release of their standing crop to enable them to raise advances for working expenses.

2. Clause 10 of the bond contemplates the taking over of estates whenever the Government see it to do so. In clause 8 there is a proviso by which

ernment is enabled to adopt any other remedies for the covery of the sums due to Government. Therefore clause seems to be unnnecessary. If Government,however,wishes retain it because it indicates more explicitly the of action Government may adopt whenever they see to do so,I would suggest the proviso that "in case estate is mismanaged or the annual instalment not " be inserted after the words "to do so".

3. Under clause 11 the members are per-

to raise loans elsewhere upon the security of the crop,

subject to the prior Government lien for the repayment of the annual instalment due to Government. On this point I had a talk with Messrs. Pilkington and Hugonin. Both of them are of opinion that no firm will advance any funds on the standing crop allowing a priority of right over the same to Government.

4. I would also state that many of the estate owners cannot work the estates unless they borrow money for working expenses. I would therefore propose that clause 11 be modified so as to allow them to deal freely with the standing crop for one year, provided the annual instalment for the previous year has been paid. For instance, some members have already paid this year's instalment, and in their case they may be permitted to hypothecate the standing crop of the coming year and raise money for working expenses. By doing so, I am of opinion that Government will not be losers in the long run. They will have to risk only one year's instalment. Moreover, the failure to pay the dues by end of June in any one year empowers the Government also to dispose of the estates as they deem proper.

5. Mr. Pilkington proposes that clause 11 may be retained and Government give their assurance to the agents, season by season, that they will not assert their right to the standing crop. This virtually means the same thing, and I prefer the clause 11 itself being modified, embodying the above proviso so as to enable these members to borrow funds from private persons at any time they feel the pinch and are in need of funds. Supposing a man has to borrow some amount for picking, &c, when the crop is ripe, he will be able to do so on the srength of the general clause above referred to. Otherwise, he will have to apply to the Deputy Commissioner who has to obtain the.

needful Government sanction. These formalities necessarily take up much time and are likely to prove detrimental, both to the interests of the estate and the Government.

6. I may, also, add here that most of the members of the Bank are permanent residents of the place and are more or less dependent upon the estates for their maintenance. They are anxious to work their estates properly and pay their instalments regularly and punctually. Under these circumstances, I would strongly advocate this concession being granted to them. On receipt of final orders on this subject, I shall get the documents executed.

7. Copy of Mr. Pilkington's letter, dated the 12th April, 1906, is also submitted, together with copy of the statement showing particulars of instalemnts due & paid up to the 12th May, 1906, by the members. Mr. Pilkington's view that clause 10 of the proposed form for executing the bond gives "mortgage with possession" is erroneous, but this evidently is beside my point.

I have the honour to be,

Sir,

Your most obedient servant,

For Deputy Commissioner,

Kadur District.

A.M.S.

G.R.S. 26]

File No. 205

Serial No. 23/24

Diary No. of letter replied to 4845

No. H 8740

General and Revenue Secretariat
(Banking)
, *the* 23 — 6 — 1906.

Date of issue do

Signed by W M K Krishnachar

To

The Dy Comr of the
Hassan Dt.

Sir,

In ~~reply~~ forwarding herewith a copy of the Kadur DC's letter, No: 794 of the 12th May 1906, together with its enclosures in original (to be obligingly returned) suggesting certain modifications in the form of the bond to be obtained from the members of the late A/C: Banks at Sakleshpur & Chikmagalur under G.O: No: 5289 of 1.3.06 I am directed to request you to be so good as to favour Govt:

over.

SUBJECT.

with a reply to the opinion of your opinion in the matter..

~~By order~~ I have etc

for Secretary.
20/5/06

K.S.
29/5/06

20/5/06

Compd
A&C

List of enclosures

Copied by

Examined by

MGCPB—30,000—16-2-05

0294 25
82-05-06

Mil. 1906-07

FROM

P.R.W. Wetherall Esquire
Deputy Commissioner.
Hassan District

To K.S. Chandrasekhara Iyer Esquire B.A., B.L.
Secretary to the Government of
His Highness the Maharaja of
Mysore, General and Revenue
Departments, Bangalore

Dated 16th July 1906

Despatched 17th

Received

General No. 3

No. Ag/3.

Enclosure No. Four.

Subject

Submitting opinion in the matter of certain modifications (proposed by the Deputy Commissioner Kadur District) in the form of the Bond to be obtained from the Members of the late Agricultural Banks at Chikmagalur and Sakleshpur.

1906-07.

No: 3/Agb Enc: Nows.

Deputy Commissioner's office
Hassan District
Dated 16th/17th July 1906.

From,

P. R. W. Wetherall Esquire
Deputy Commissioner
Hassan District

To,

K. S. Chandrasekhara Iyer Esquire,
B. A, B. L.
Secretary
to the Government of His Highness
the Maharaja of Mysore
General and Revenue
Departments
Bangalore.

Sir,

With reference to your letter No: Fl 8740/B. 2-05-23 dated 23rd June 1906 forwarding Copy of the Kadur Deputy Commissioner's letter No: 794 dated 12th May 1906 together with its enclosures suggesting certain modifications in the form of the Bond to be obtained from the members of the late Agricultural Banks at Sakleshpur and Chikmagalur under Government order

Order No: 5286-9 dated 1st March 1906, and requesting submission of my opinion in the matter, I have the honour to state that clause 8 of the proposed bond contemplates the adoption of measures for the recovery of the sums due to Government in case the members make default of payments of instalments or default in keeping the Estates in proper order. While clause 10 of the bond contemplates taking over of Estates by Government under circumstances over which the members have no control, and hence may not perhaps be altogether blameworthy, such action being found inevitable in the interests of the owners themselves. For the above reasons I am of opinion that it is quite necessary to retain clause 10 in addition to clause 8.

2. As regards the modification of clause 11 of the proposed bond

-30

so as to allow members "to deal freely with the standing crop for one year, provided the annual instalment for the previous year has been paid" - I do not consider that it would be safe to permit such modification. Moreover it would necessitate execution of a fresh bond each year instead of one bond once for all. It appears to me preferable for Government to give their assurance, season by season, to Agents from whom Estate owners wish to raise loans, that they will not assert their right to the standing crop. The illustration given by the Deputy Commissioner of Kadur of an Estate owner suddenly wishing to borrow money for picking a ripe crop seems an extreme one that would hardly ever occur if the Estate owner was careful to estimate

his

his expenses for the season.
Moreover the borrowing of money
would be at the beginning of the
season on standing crop, and
not towards the end of the season
when the crop is ripe. If the
owner intended borrowing money
from Agents or Sowcars at all
he would do so much earlier
in the year, and in that event
the needful assurance of the
Government referred to above
would have been already obtained.

3. I have long been of
opinion that only remedy for
all such complications is to
prohibit the Estate owners from
raising loans from elsewhere
than from Government viz
in the shape of advances for
working expenses on crop.
hypothecation, to an extent
which may be covered by sale
proceeds of the minimum estimate
of crop so as to be on the

safe

safe side. The members of the late Sakkarpur Agricultural Bank first had strong ideas of raising loans elsewhere with the object of averting Government interference as they imagined; but they were soon convinced of the difficulties and complications connected with ~~such~~ such ideas, and changed their minds in time to obtain advances from Government for working expenses on hypothecation of their crops. In this connection I enclose an extract viz paras 8 and 9 of my letter No: 108/Agrs dated 30th June 1905 addressed to the General and Revenue Secretary to Government on the subject.

4. Another point seems necessary to determine viz the date within which Annual instalments &c should be made payable for being inserted in

in the bond. I would suggest that at the end of clause 7 of the bond the following words be added - "the said annual instalments being payable within the 30th. June of each year".

5. The marginally noted* three enclosures of your letter under reply are herewith re= =transmitted.

I have the honour to be,
Sir,
Your most obedient Servant

W. H. Wethered

Deputy Commissioner
Upper Hassan District.

1. Copy of Letter No: 29 dated 12th April 1906 from the Inspector of Coffee Estates to the Deputy Commissioner, Upper Hassan District.
2. Petition dated 26th March 1906 of the members of the late Chikmagalur Agricultural Bank to the Deputy Commissioner, Upper Hassan District.
3. Statement showing particulars of sums payable by the members of the late Chikmagalur Agricultural Bank.

1904-05

No: 108/Agl.

Deputy Commissioner's Office
Hassan District
Dated 30th June 1905

From,

P. R. W. Wetherall Esquire
Deputy Commissioner
Hassan District

To,

B. K. Venkatavaradiengar Esquire
Secretary to the Government
of His Highness the Maharaja
of Mysore
General and Revenue Department
Bangalore.

Sir,

*** *** ***

8. This I submit is my opinion of the best and safest way of dealing with the owners of the several Estates, mentioned with a view to ensuring proper cultivation of the approved areas of the several estates which are not now deemed desirable to sell, and to preclude the several owners from getting into further difficulties by borrowing money

from

from Sowcars on the hypothecation of crops at ruinous rates of interest. Further I am of opinion that all the owners who require money for the working expenses of their estates should not be permitted to obtain the same elsewhere than from Government (at the Government rate of interest) and well within the limit of the estimates of crops to be hypothecated to Government for such advances payable to them in monthly allotments to be fixed in accordance with the season, and the varied requirements of each estate. By the grant of such advances by Government for working expenses, each owner can be compelled to render accounts of allotments paid to him month by month. Such accounts act as a check on the expenditure which can be regulated against expected crops and recouped with interest from their sale-proceeds. By this means it will be fairly assured that the money advanced each month is spent upon the

estate

estate concerned and in proper season so as to prevent deterioration and preserve in good condition the estate which is the Government security for the original loan to its owner.

9. All these safeguards would be lost by permitting the owners of these estates to borrow money from Sowcars on the hypothecation of their crops, by which means they would obtain money in large sums which they would be tempted to expend on other than the cultivation and improvement of their estates, and when crops fall short they would become further entangled in debts with exorbitant rates of interest, which would result in neglect of work on their estates from sheer want of means, and consequent rapid deterioration to the detriment of Government interests.

*** *** ***

Sd/- P.R.W. Wetherall
Deputy Commissioner
Hassan Dt.

Extract
P.R.W. Wetherall
Deputy Commissioner
Hassan District

Kopipa,

No 29. 12th April 1906.

M. Chengiah Chetty, Esquire,
Deputy Commissioner,
Kadur District.

Sir,

I have the honor to acknowledge your letter No 559 of $\frac{27}{28}$ Ultimo, enclosing copies of a letter from the members of the late Agricultural Bank, Chikmagalur, and of the draft bond which it is proposed to take from them.

Para 8. of this bond brings these properties under the Land Revenue Rules, which I believe have been shewn to be somewhat unsuitable for immediate action in the cases, for instance, of bad management, or removal of crop.

Para 10. gives "mortgage with possession", not unfrequently insisted on in these days by "Coffee Agents" making "Block Loans" on coffee properties.

I do not see that either of these paras

paras are unreasonable, or effect the bor-
-rowing powers of the Cafe Members un-
-duly.

In the case of "Coffee Agents"
making advances against the Standing
Crop, when there is a separate mort-
-gage on the property, it is usual (as
far as I know) for the Agents to obtain
a guarantee from the Mortgagees that
they will not foreclose on <u>that</u> Standing
Crop; or else the Mortgagees go security
for the repayment of the advance. In
the same way in 'Sound' cases, Govern-
-ment might give their assurance to
Agents that they would not foreclose
on <u>that</u> Standing Crop.

It is para 11 that will really
prevent Members from borrowing a-
-gainst the Standing Crop, as it especially
gives a prior right to the same to
Government, and not paras 8 and 10.

I do not see how Government can
modify these three clauses; but they might
give their assurance to "Agents", season-
-ably.

by season, that they will not assert their right to the Standing crop, after receiving the report of their Officers, in each case, that prospects are satisfactory, and the same might safely be done."

It appears to me that the only alternative is 'Advances by Government for Working Expenses'. And, in the case of the more insolvent who will be unable to borrow till his estate is improved, I believe these will have to be given.

I have, &c.,

/Sd/ H. Pilkington

Inspector of Coffee Estates.

"Copy"

[illegible]

Dy Deputy Commissioner

Kadur District

1806

Mis 1595

Chikmagalur
26th March 1906.

To.

M. Chengaiah Chetty, Esqr B.A
Deputy Commissioner,
Kadur District.
Chikmagalur

Rec'd 27.3.06. Sher. Enquire as to the contents of this letter & Send

Sir.

We have the honor to forward herewith the draft Bond to be executed by the Members of the late Chikmagalur Agricultural Bank.

As para No. 8 makes every provision for fully securing the monies due to Government on the security of our properties, we are of opinion that the para 10 should be eliminated, especially as it allows the Government to enter upon and take possession of our properties even if all instalments are paid and the property well cultivated

certain Govt.

The retention of this para would also prevent any one making a loan to the Members for working expenses.

With reference to para No. 11. regarding our crops, we humbly beg to submit to Government that we should be allowed to have our crops free with power to hypothecate. Item for raising funds for working expenses.

All we ask is to be treated as Government treats others, to whom ~~they~~ have lent money under the Land Improvement loan Act.

As the document does not specify on what date the instalments should fall due, we beg that the date for the same should be fixed for the 30th June of each year, as suggested previously.

Who tribe

Trusting you will forward this to the Government with your

favourable recommendations

We beg to remain

Sir,

Your most obedient Servants.

1 Vāsudēva Rao

2 [illegible]

3 [illegible]

4 [illegible]

5 [illegible]

6 [illegible]

7 [illegible]

8 Srinivasa Rao

Statement showing particulars of sums payable by

No.	Names of Members	Amount of original Loan due	Deductions on account of Savings Bank deposit	Balance due	Annuities to repay the loan due in the course of 20 years	Amount of interest due up to end of March 1905	Amo... ever...
1	2	3	4	5	6	7	
1	C. Basave Gowda	24,450	77-11-9	26,372-4-3	1,940-7-6	5,407-8-6	2...
2	B. Gundappa v. Rama Rao	10,976	22-4-0	10,943-12-0	805-3-10	2,214-10-4	1...
3	G. Sheikali Sahab	25,957	76-4-3	25,880-11-9	1,904-4-9	325-4-7	
4	P. Jaggannatha Rao	9,165	26-15-3	9,139-0-9	672-5-7	2,128-7-0	1...
5	G. Abdul Khader Sab	13,690	40-3-9	13,649-12-3	1004-5-7	3,187-8-6	1...
6	Sivappa Chetty	3,380	9-15-0	3,370-1-0	247-15-6	691-9-11	
7	D. Kirauna Gowda	6,742	19-3-0	6,722-13-0	494-9-9	1,369-4-5	
8	Chennabasappa Chetty	28,150	82-11-6	28,067-4-6	2,065-3-0	6,734-5-4	3...
9	A. Chendra Gowda	12,150	35-11-3	12,114-4-9	891-5-11	1,611-1-5	
10	M. Ganesha Rao Sarasvatamma	7,819-1-7	22-15-9	7,796-1-10	573-10-0	2,092-3-4	1...
11	C. Vasudeva Rao	35,313	103-12-0	35,209-4-0	2590-11-0	8,086-0-7	4...
12	A. Skama Rao	32,184	94-9-0	32,089-7-0	2,361-2-3	7,625-9-9	3...
13	K. Hanumantha Rao	3,045	8-14-9	3,306-1-3	223-6-4	646-4-8	
14	B. Rangamma	3,290	9-10-9	3,280-5-3	241-5-9	459-14-3	
15	J. Raghavendrappa	31,216	91-11-6	31,124-4-6	2,290-2-0	7,405-8-1	3...
16	C. Sreenivasa Rao	33,234	97-10-6	33,136-5-6	2,438-2-9	7,858-14-7	3...
17	G. Raja Rao	4,640	13-10-3	4,626-5-9	340-6-6	1,285-10-5	6
18	Sivaji Ramachendra	2,082	6-2-0	2,075-14-1	152-11-11	441-13-5	2
19	B. Sitaramiah	2,443	7-3-0	2,435-13-11	179-3-8	494-8-3	2
20	B. Ranga Rao	1,950	5-11-9	1,944-4-3	143-0-11	385-8-10	

Members of the late Chikmagalur Agricultural Bank

payable ear	Amount of advances outstanding at the end of March 1905	annuities to repay the advances in the course of 20 years	Total sum yearly payable. Columns (6, & 9 10)	Payments up to date i.e 12th May 06	Balance due
	9	10	11	12	13
6 - "	890 - " - "	58 - 5 - 3	2,269 - 2 - 9	2,276 - 15 - 3	"
11 - 8	"	"	915 - 15 - 6	915 - 15 - 6	"
4 - 3	"	"	1,920 - 9 - "	1,920 - 9 - "	"
6 - 9	20 - 13 - 3	1 - 8 - 6	780 - 4 - 10	"	780 - 4 - 10
6 - "	586 - " - "	40 - 14 - 7	1,204 - 10 - 2	500 - " - "	704 - 10 - 2
9 - 4	132 - " - "	9 - 11 - 5	292 - 4 - 3	292 - 4 - 3	"
7 - 5	79 - 8 - "	5 - 13 - 7	568 - 14 - 9	400 - " - "	168 - 14 - 9
11 - 6	775 - " - "	57 - " - 3	2,458 - 14 - 11	2,000 - " - "	458 - 14 - 11
8 - 10	"	"	971 - 14 - 9	"	971 - 14 - 9
9 - 9	179 - 14 - 5	13 - 3 - 10	691 - 7 - 7	540 - " - "	151 - 7 - 7
4 - 10	"	"	2,994 - 15 - 10	2,994 - 15 - 10	"
4 - 6	745 - 9 - "	54 - 13 - 8	2,797 - 4 - 5	"	2,797 - 4 - 5
5 - 0	"	"	255 - 11 - 4	"	255 - 11 - 4
12 - 1	174 - " - "	12 - 12 - 9	276 - 14 - 7	276 - 14 - 7	"
4 - 5	1647 - " - "	121 - 2 - 10	2,781 - 9 - 3	500 - " - "	2,281 - 9 - 3
15 - 1	2817 - " - "	207 - 4 - 4	3,038 - 6 - 2	2000 - " - "	1,038 - 6 - 2
4 - 6	"	"	404 - 11 - "	"	404 - 11 - "
1 - 6	"	"	174 - 13 - 4	174 - 13 - 4	"
11 - 7	252 - " - "	18 - 8 - 8	222 - 7 - 11	"	222 - 7 - 11
4 - 5	214 - " - "	15 - 12 - "	178 - 1 - 4	178 - 1 - 4	"

Mr. Thomas Rayer

Off. Deputy Commissioner
Kadur District.

(26)

29/1/

Read

(1) G. Bys: No. H 5286-9 — B 2-05-17 dated 1st March 1906 passing orders on the report of the audit of the accounts of the Chicha-magalur Agricultural Bank and prescribing a revised form of document to be executed by the members of the Bank.

(2) Letter No 794 dated 12th May 1906 from the Deputy

Deputy Commissioner of the Kadur Dist. submitting an application from 8 out of 20 members of the late Chickamagalur Agricultural Bank ~~bapaying~~ for certain alterations in the form of the agreement above referred to.

(3) Correspondence ending with letter No. 3 ag B of the 16th July 1906 from the Dy Comr of the Hassan Dist. submitting his opinion in the matter.

Order No 7B 3902-5
B 42-08-26
27-11-06

1. The

1. The prayers of the petitioners are three, viz:—

(i) The elimination of clause 10 from the form of agreement;

(ii) The modification of clause 11 so that they may have power to hypothecate their crops for borrowing money for working expenses;

and (iii) The fixing of the 30th June of each year as the date for the payment of the instalments.

2. The reasons urged by the petitioners for the elimination

of

of clause 10 are that it
prevents ~~from~~ persons from advancing
~~practising~~ loans to the estate owners
~~the Members~~ for working
expenses, and that it
is unnecessary as clause
8 makes ample provision
for fully recovering the
monies due to Govt: If the above views is correct &
~~If~~ clause 8 gives to the
Govt: the power which
clause 10 is intended to
do, the elimination or retention of
the latter will be immaterial
~~If the former will not make much difference~~
~~matter much~~ and there
is no necessity to urge for
~~upon~~ the removal of
clause

Govt are of opinion that on clause 10. ~~On~~ the other hand, clause 10 is intended to give to Govt: an additional power to secure their interests and to provide for contingencies not contemplated in clause 8, ~~but~~ though they will not enter upon possession and make arrangements for the management of the properties unless there is a clear necessity to do so. Govt: are not therefore prepared to accede to the request of the petitioners

petitioners to eliminate
this clause. But in order
to remove the fears
entertained by the petitioners
that Govt: may arbitrarily
take possession of the
hypothecated property,
the Govt: are pleased to
direct that for the words
" whenever they see fit
to do so" in clause 10 of
the form of agreement,
the following words be
substituted :—

" when the whole amount
"has become due under clause
"8 above or when in the
opinion of Govt: the hypothecated

property

property has deteriorated
"so as to affect its
"sufficiency as security
"for the amount due".

3. As regards
the ~~second~~ prayer for
the modification of clause
11, there is some force
in the complaint that
this clause prevents
the members from obtaining
~~a~~ loans on the security
of their crops, but as long
as short advance, as
they have been now
doing, the working expenses,
there could be no difficulty

to

to the estate owners in this respect. It is to the interest of Govt: that the estate should be well managed and made to yield every year, so that the owners may repay what they owe to Govt:. It is only when the Govt: do not advance working expenses and the owners have to borrow elsewhere that clause 11 may be felt as a hardship, but if the estate is capable of paying and it is

worth

worth while cultivating
it and other circumstances
justify the grant of
working expenses, Govt:
is not likely to with-
-hold this assistance.
Under these circumstances
the modification of the
clause as prayed for is
unnecessary. In indi-
-vidual cases in which
the owner is obliged
to borrow elsewhere in working expenses
the Govt: will however
be prepared to give
an assurance that they
will not assert their
right to the standing
crop

crop under this clause when the circumstances of such cases justify the temporary relaxation of clause 11 and the local officers recommend such a relaxation.

4. With regard to the date for the ~~re~~payment of the annual instalment, the Govt: are pleased to sanction the addition of the following words at the end of clause 7 of the form of agreement:—

"the said annual instal-
"-ments being payable on or before the 30th June of each year".

To

The Rev: Com^r in Nyasa
" Dy Com^r Karonga
" -do- Hassan Ol
" Comptroller.

Print

for Secretary 19-11-10

MWed 22/11

READ—

1. Government Proceedings No. Fl. 5286-9—B. 2-05-17, dated 1st March 1906, passing orders on the report of the audit of the accounts of the Chikmagalur Agricultural Bank and prescribing a revised form of document to be executed by the members of the Bank.

2. Letter No. 794, dated 12th May 1906, from the Deputy Commissioner of the Kadur District, submitting an application from eight out of twenty members of the late Chikmagalur Agricultural Bank praying for certain alterations in the form of the agreement above referred to.

3. Correspondence ending with letter No. 3—Ag. B. of the 16th July 1906, from the Deputy Commissioner of the Hassan District, submitting his opinion in the matter.

—•—

No. Fl. 3902-5—B. 2-05-26, DATED BANGALORE, 27TH NOVEMBER 1906.

ORDER THEREON.—The prayers of the petitioners are three, *viz.*:—

(i) The elimination of clause 10 from the form of agreement;

(ii) The modification of clause 11 so that they may have power to hypothecate their crops for borrowing money for working expenses and;

(iii) The fixing of the 30th June of each year as the date for the payment of the instalments.

2. The reasons urged by the petitioners for the elimination of clause 10 are that it prevents persons from advancing loans to the estate owners for working penses, and that it is also unnecessary as clause 8 makes ample provision for ly recovering the monies due to Government. If the above view is correct and if use 8 gives to the Government the power which clause 10 is intended to do, e elimination or retention of the latter will be immaterial and there is no necessity urge for the removal of clause 10. Government are of opinion that on the other nd, clause 10 is intended to give to Government an additional power to secure eir interests and to provide for contingencies not contemplated in clause 8 hough they will not enter upon possession and make arrangements for the management of the properties unless there is a clear necessity to do so. Government are ot, therefore, prepared to accede to the request of the petitioners to eliminate this lause. But in order to remove the fears entertained by the petitioners that Government may arbitrarily take possession of the hypothecated property, the Government re pleased to direct that for the words "whenever they see fit to do so" in clause 0 of the form of the agreement, the following words be substituted:—

> "When the whole amount has become due under clause 8 above or when "in the opinion of Government the hypothecated property has deteriora- "ted so as to affect its sufficiency as security for the amount due."

3. As regards the prayer for the modification of clause 11, there is some force in the complaint that this clause prevents the members from obtaining loans on the security of their crops, but as long as Government advance, as they have been now doing, the working expenses, there could be no difficulty to the estate owners in this respect. It is to the interest of Government that the estate should be well managed and made to yield every year, so that the owners may repay what they owe to Government. It is only when the Government do not advance working expenses and the owners have to borrow elsewhere that clause 11 may be felt as a hardship, but if the estate is capable of paying and it is worth while cultivating it, and other circumstances justify the grant of working expenses, Government are not likely to withhold this assistance. Under these circumstances the modification of the clause as prayed for is unnecessary. In individual cases in which the owner is obliged to borrow elsewhere for working expenses, the Government will however be prepared to give an assurance that they will not assert their right to the standing crop under this clause when the circumstances of such cases justify the temporary relaxation of clause 11 and the local officers recommend such a relaxation.

Financial (*Banking*), *dated 27th Novembe*

4. With regard to the date for the payment of th
Government are pleased to sanction the addition of the fo
of clause 7 of the form of agreement :—

"The said annual instalments being payable on or
each year."

K. S. CHANDRA
Secy. to G

To—The Revenue Commissioner in Mysore.
The Deputy Commissioner, Kadur District.
The Deputy Commissioner, Hassan District.
The Comptroller in Mysore.

Exd.—C. V.